

April 10, 2024

United States House of Representatives
Washington, D.C. 20515

Dear Representative:

On behalf of the Independent Community Bankers of America (ICBA), the undersigned state banking associations, and the approximately 50,000 community banks and bank locations we represent, we write to first thank you for your due diligence and effort in completing a new farm bill. A strong farm bill is important to both rural lenders and their farm and ranch customers as they establish business plans for the next several years. We urge you to keep the following recommendations in mind as the farm bill moves through Congress.

We believe the current USDA guaranteed loan limits are out of touch with the needs of farmers and ranchers. We support raising the loan caps to 3.5 million for guaranteed ownership and 3 million for operating loans. Raising loan limits will allow commercial lenders to continue meeting the needs of small to mid-size family farmers and ranchers. Additionally, we urge inclusion of bi-partisan legislation, H.R. 5877, the “*USDA Express Loan Act*” in the farm bill. This program could act as an advance of up to \$1 million against a producer’s overall guaranteed loan with a much quicker approval. Guaranteed loans can often take too long to process.

We strongly oppose policies that expand the **non-farm** financing authorities of the Farm Credit System (FCS). We are very concerned with proposals to expand essential community facilities (ECF) financing by the FCS. This proposal would increase the amount of ECF loans from 10 percent of total loans to 15 percent of assets, a potential increase of 75 – 100 percent and possibly more and would remove the regulator’s case-by-case approval authority. Contrary to what the FCS stated in their 2023 Senate Agriculture Committee testimony, the proposal does not require participation with local community banks.

Additionally, we oppose efforts to increase FCS lending to **non-farm** businesses including those that only tangentially service aquaculture. We also question the need for expanded FCS equity financing for **non-farm** purposes. These are community bank loans that would be siphoned away, into the swelling portfolios of a largely tax-exempt *government sponsored enterprise* with significant tax and funding advantages over community banks.

Furthermore, ICBA has supported exemptions from the onerous CFPB 1071 regulation. We supported the Congressional resolution overturning the regulation passed by both chambers of Congress. However, we oppose a special carve-out allowing the FCS to only supply data related

to sex, gender and ethnicity, three data points, when community banks must comply with **eighty-one data points** regarding their customers. Community bank ag lenders should receive the same or similar compliance regime as the FCS. FCS's carve-out would also only apply to their definition of a 'small farmer,' specifically those with less than 250,000 dollars in annual income. The CFPB's definition would apply to institutions of \$5 million or less.

Finally, the FCS **non-farm** power grab also includes efforts to extend their examination cycle by another six months. We understand that exams can be costly and burdensome for any institution, however, exams on rural community banks are more arduous given their smaller staffing levels and limited resources. Banks and FCS institutions should be on the same exam timeline, otherwise competitive advantages are given to the FCS.

The combination of these FCS **non-farm** lending grabs represents an assault on the community bank industry which will lead to fewer community banks serving rural America and thus fewer access points for rural Americans to obtain credit.

Thank you for taking the time to review these recommendations and your efforts to draft a new farm bill.

Sincerely,

Arkansas Community Bankers
Alabama Bankers Association
Arizona Bankers Association
California Community Banking Network
Independent Community Bankers of Colorado
Connecticut Bankers Association
Florida Bankers Association
Community Bankers Association of Georgia
Idaho Bankers Association
Community Bankers Association of Illinois
Indiana Bankers Association
Community Bankers of Iowa
Community Bankers Association of Kansas
Bluegrass Community Bankers Association
Louisiana Bankers Association
Maryland Bankers Association
Community Bankers of Michigan
BankIn Minnesota

Missouri Independent Bankers Association
Montana Independent Bankers
Nebraska Independent Community Bankers
New Hampshire Bankers Association
New Jersey Bankers Association
Independent Community Bankers Association of New Mexico
Independent Bankers Association of New York State
North Carolina Bankers Association
Independent Community Banks of North Dakota
Community Bankers Association of Ohio
Community Bankers Association of Oklahoma
Oregon Bankers Association
Pennsylvania Association of Community Bankers
Independent Banks of South Carolina
Independent Community Bankers of South Dakota
Tennessee Bankers Association
Independent Bankers Association of Texas
Vermont Bankers Association
Virginia Association of Community Banks
Community Bankers of Washington
Community Bankers of West Virginia
Wisconsin Bankers Association
Wyoming Bankers Association